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Western Europe Review

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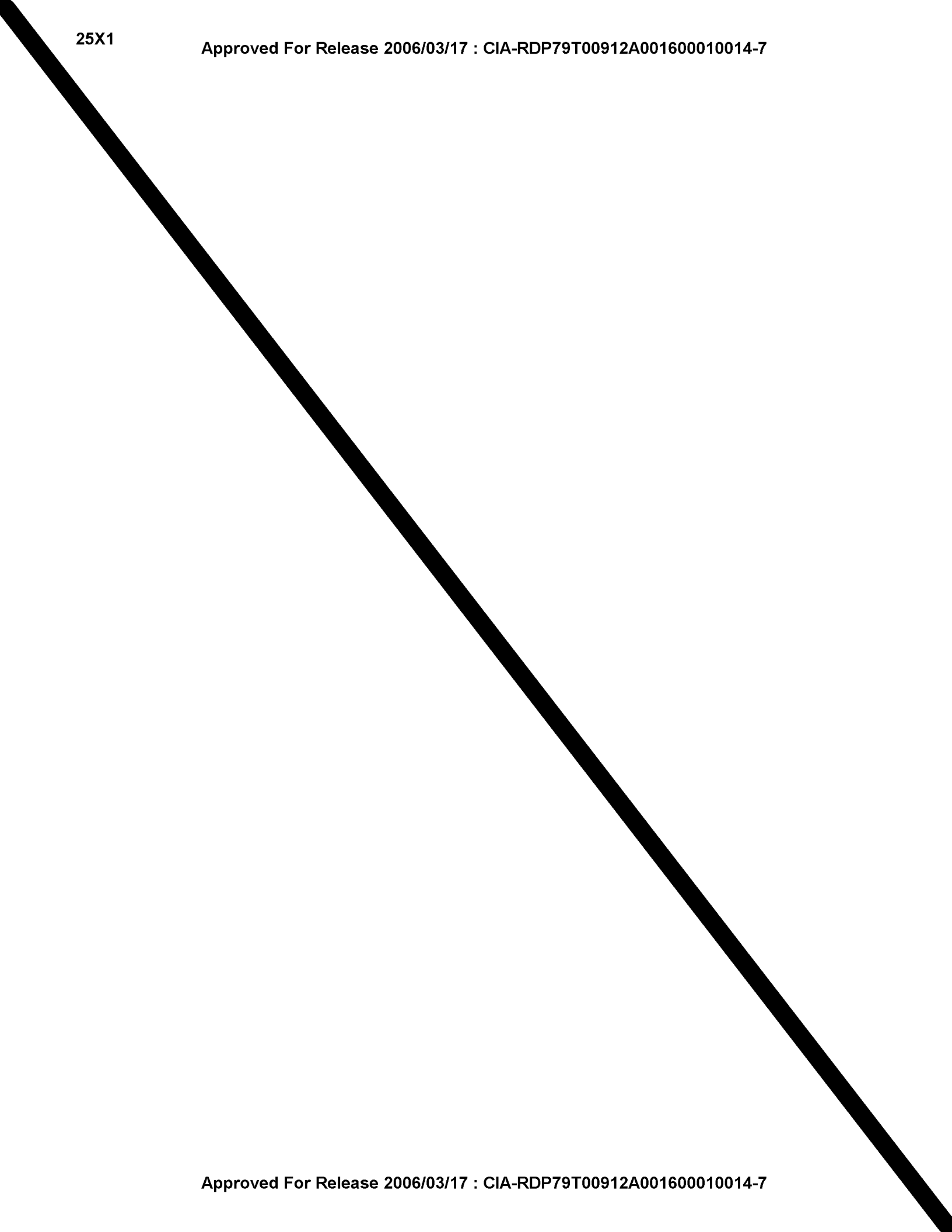

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WESTERN EUROPE REVIEW

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France: The Gaullists and the European Assembly Election

A special national congress, called by the Gaullist party on 12 November to define its strategy toward next year's direct election to the European Assembly, revealed deep rifts within the party. About all the Gaullists could agree upon was opposition to any extension of the Assembly's powers, and they passed a near-unanimous resolution calling on French President Giscard and his fellow EC heads of government to issue a solemn assurance at their summit meeting in Brussels next month that no such extension will occur. It is unlikely that President Giscard will ask his EC partners for such a guarantee.

The Assembly election promises to test not only Gaullist unity but also the party's ingenuity, for the nature of the contest--held under proportional representation which eliminates the necessity for electoral alliances--removes the Gaullists' most cherished electoral target--the Socialist-Communist "threat." The Gaullists would much prefer not to have the European election at all, for they fear that the Socialist Party and Giscard's Union for French Democracy--both of which have a more pro-European image--will do much better in an election that promises to have heavy domestic consequences.

Gaullist leader Jacques Chirac's position is particularly delicate, because he was Prime Minister in 1974 when France agreed to direct elections. At that time, the French Government accepted in principle the possibility of the enlargement of at least some of the Assembly's powers. The EC's communique noted: "The Assembly's jurisdiction will be extended, notably by granting certain powers in the Communities' legislative process." The French Communist Party, which shares Gaullist fears that the new Assembly will promote "supra-nationality" and interfere with France's independence from foreign influence, has been brandishing this statement, but the Gaullist journal has discreetly avoided it, probably because of Chirac's role. The latter had evidently hoped that the UK would scuttle the direct election for him.

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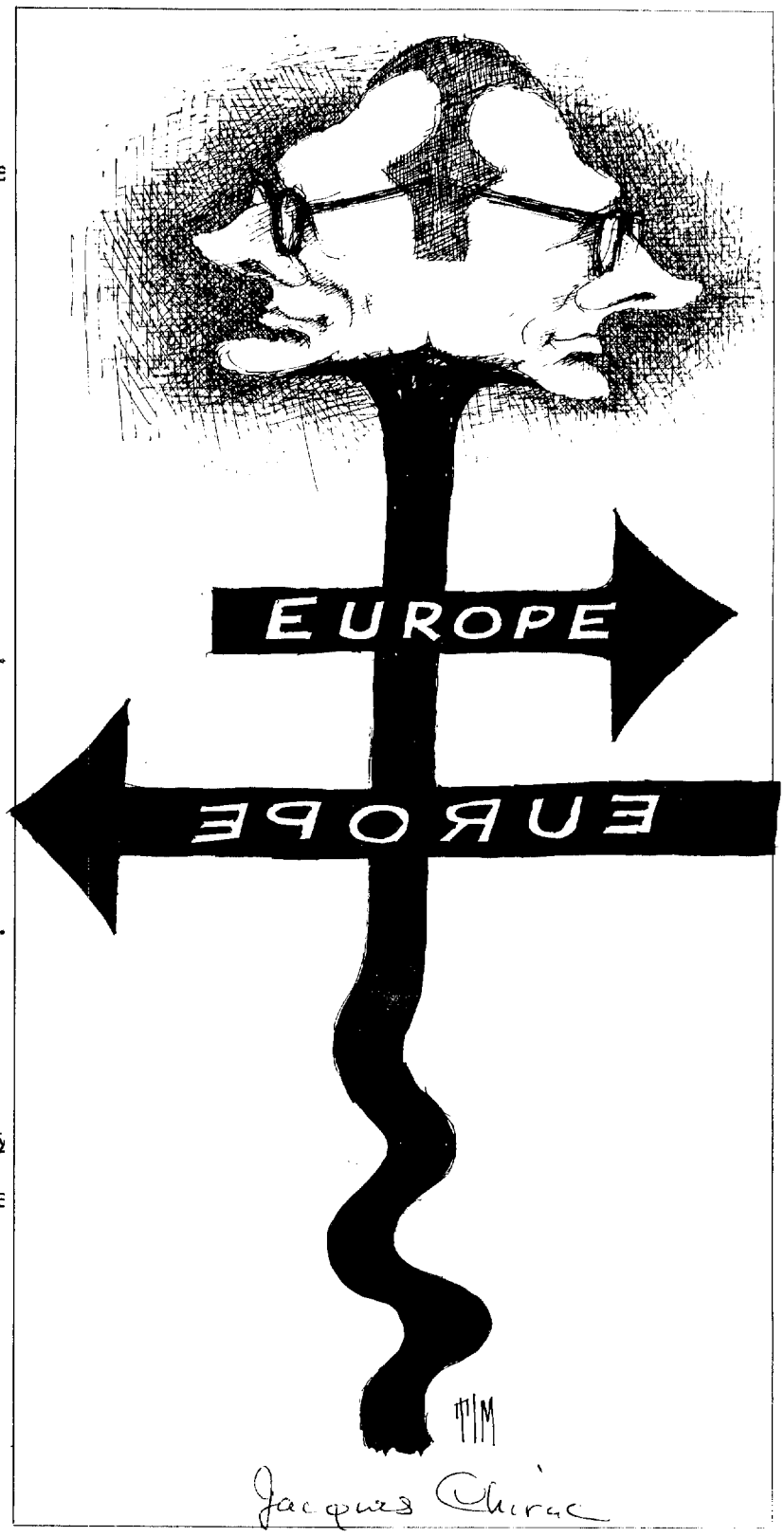
In a press conference on 21 November Giscard said that the EC communique referred only to extension of the Assembly's legislative competence, not its political powers. His repeated assurances that extension of the Assembly's powers can only come about by unanimous Community vote and that France will never agree to such an extension do not reassure his critics on the left and right, who fear that some future French Government will agree to such an extension.

The election promises to sharpen the split between the Communists and Socialists--if the cleavage between them can, in fact, become any deeper--and accentuate divisions within the Socialist Party. But it is most troubling for the Gaullists. The party congress, in fact, probably avoided a split by putting off the most controversial questions to another congress in January. Some Gaullists, notably Olivier Guichard, favor the Gaullists running a joint list in the election with the Giscardians, for they believe that the party will thus be able to mask its poor showing and that the joint list will outdistance the Socialists. Other Gaullists, such as



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Michel Debre and Alexandre Sanguinetti, are convinced that an elected Assembly, in effect, would make France a vassal of the United States and West Germany and would be most unwilling to make common cause with centrists and "Atlanticists" like Jean Lecanuet.

Still others--the majority--favor a single Gaullist list but do not want it led by Michel Debre, whose outspoken disapproval of the Assembly election would probably frighten off voters who are in the main favorable to the European idea. Should the Gaullists join in a single list with the Giscardians--and it is unlikely that they will--they would probably risk provoking the creation of a second list by convinced anti-Europeanists in the party.

A poll taken last spring indicated that 67 percent of the French were favorable in principle to the European Assembly election and that 60 percent were planning to vote in it. Another poll, taken among the 15-25 age group, indicated that 62 percent think that they will be citizens of a united Europe and only 16 percent believe that they will not.

Confronted with the inevitability of the election, the Gaullists have begun to shift tactics. The recent congress called for a strong European confederation of sovereign states willing and able to defend its economic and political interests in competition with the superpowers. De Gaulle's idea of Europe--"a Europe of nations, not of people," according to his interpreters, was frequently invoked. Chirac, who has been adamantly opposed to enlargement of the Community, has now indicated that he is not opposed to the entry of Greece, although he is still down on Spain and Portugal. The Gaullists, however, have proposed legislation that would prohibit sitting deputies or senators from taking seats in a European Parliament, a move that would play down the importance of the Assembly by denying it France's leading political figures. It is unlikely that such legislation would pass.

Behind the smokescreen of Gaullist nationalistic polemics is the apprehension that the European Assembly election will be one more building block in the construction of Giscard's grand design--a centrist majority in

France that will isolate and marginalize both the Communists and the Gaullists. [redacted] 25X1

25X1 [redacted] A Louis Harris poll in September gave the UDF and Socialist Party 26 percent each, the Gaullists' 20 percent and the Communists 18.

It is certainly much too early to test electoral waters for an election that is eight months away and of a very special nature. The election is, for example, virtually risk-free, for voters do not perceive that the parliaments will have any impact on their daily lives. Also, pro-Europeanists will probably vote in larger numbers than those who are opposed. Yet the campaign has begun in earnest and as one indefatigable political analyst noted, "when the European election is over, the presidential one will then be little more than a year
25X1 and a half away." [redacted]

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Italy: The Political Situation--An Update

The Andreotti government is currently faced with a series of challenges that have contributed to mounting tension among and within the major political parties. Andreotti's Christian Democratic government relies on the Communists and four other parties for its parliamentary majority and, for the time being, no consensus exists on an acceptable alternative formula. But an issue by issue confrontation could eventually result in the erosion of Andreotti's support.

Many of the government's current difficulties reflect the intertwining of Italy's broader economic and political problems. The government has run into trouble each time it has tried to implement specific measures of its proposed economic plan, which is calculated to curb labor costs as well as the growing public sector deficit. Labor problems, pension and agrarian reform, and Italy's entry into the proposed European Monetary System have become particularly contentious issues.

With the expiration this year of three-year collective contracts covering about five million workers, the problem of wage restraint will be an important test of the government's parliamentary support. The key question is whether the Communist Party and its labor allies can keep their commitment to restrain wage increases. The Communists are feeling increased rank-and-file pressure to demonstrate that the party's support for the government's program is producing tangible benefits in the form of higher wages, increased government investment, and the creation of jobs. Earlier this month, Treasury Minister Pandolfi told Ambassador Gardener he would seriously consider resigning if excessive wage increases undercut the economic plan.

There is reportedly increasing concern among some Communist leaders and rank-and-file members that support of the government's economic program makes the party responsible for government actions but, without authority

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to shape its policy. Dissatisfaction with the party's role in the majority is particularly strong among Communist-oriented workers, many of whom view its support of economic austerity measures as a betrayal of labor's interests.

There are also indications that some members of the Christian Democratic and Socialist parties, who want a government less dependent on the Communists, think that interparty differences over some of Andreotti's economic proposals might be exploited to split his parliamentary majority and create a new government based on some alliance between their parties. Thus, some Christian Democratic and Socialist elements in the labor movement have focused on Communist support for economic austerity measures to cultivate worker sentiment in favor of higher wages and to lure support away from the more influential Communist-oriented unions.

Despite a climate of mounting tension, many factors argue against an Italian Government collapse in the near future. New general elections are a strong possibility if the government falls. No party desires to be held accountable for causing a governmental crisis, and each harbors its own reasons for avoiding an election.

The Communists, for example, are concerned that the electoral trend suggested by their losses in local contests last May may be confirmed in a national election. Although there are indications that the Christian Democratic Party would make some gains in a general election, many Christian Democrats view the current arrangement as the best way to hold the Communists at bay while making them share responsibility for the government's actions. The Christian Democrats are also uncertain about the Socialist Party, reliability as a coalition partner--the most likely alternative should the Communist return to the opposition.

For their part, the Socialists are also unprepared for an electoral test in the immediate future. Party leader Craxi is still working out the theory and implications of an "autonomous policy" calculated to distinguish the Socialists and presumably capture votes from the two larger parties. Remembering the losses they suffered while part of the center-left coalition with

the Christian Democrats, the Socialists are reluctant to commit themselves to government responsibility while allowing the Communists the luxury of monopolizing the opposition.

Under these circumstances, party leaders are casting about desperately for a clue--short of a general election--indicating any significant trends in their relative strengths. The inconclusive results of recent regional elections in northern Italy, in which the three major parties lost support, present a confused picture and, if anything, contribute to the parties' reluctance to topple the Andreotti government.

Party leaders are anxiously anticipating several events as possible measures of changes in their mutual relationships. The Christian Democratic and Communist congresses scheduled for next spring may provide a glimpse of possibe challenges to existing leaders and policies. Direct elections for membership in the European Parliament next June could be fought on the basis of domestic issues and may be perceived as a referendum on the respective parties' actions.

Meanwhile, the parties supporting the government will continue to juggle their conflicting interests in the day-to-day business of governing. As the government tries to implement the economic plan, however, any single issue, though not decisive in itself, may create strains beyond the parties' capacity for flexibility--resulting in a crisis that nearly all the parties would like to avoid. [redacted]

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Sweden: Defense Policy Review

Sweden has begun a review of its defense policy because of a variety of strategic, political, and economic factors. The Soviet strategic build-up on the Kola Peninsula and increased Soviet naval activity in the Baltic have raised the question of whether Swedish defense forces would be adequate should an East-West conflict occur in the Nordic area. The Soviet pressures on Norway and Finland during the past year, the ups and downs of Soviet-US relations, and the uncertain status of various arms control and disarmament negotiations also have led the Swedes to reassess their military strength. Improvement of the Swedish defense forces, however, may have to wait until the economy improves. A major adjunct of defense policy will likely be production of technologically sophisticated military equipment that can be sold abroad.

Background

During the 1960s the Swedes, with one of the world's highest per capita military spending programs, believed they were adequately protected. By the early 1970s, however, changes in the size and capabilities of the Warsaw Pact forces vis-a-vis NATO eroded this confidence. The 1972 five-year defense review recommended major modernization and upgrading, but Stockholm subsequently chose to interpret the Nixon trip to Moscow as a sign of lessening tension that would allow Sweden to stretch out its force modernization.

Unlike many European countries, there is consensus among Sweden's political parties on the rationale for and shape of the country's defense policy. Swedish political leaders believe that their territory would not be the primary target for Soviet attack but would be used as a transit area for Soviet forces occupying Norway. Swedish capabilities must be sufficient to convince the Soviets to use another route. Swedes often remind themselves that poor Swedish defenses were one reason German forces so easily transited their country during World War II.

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The size of the Swedish defense force, in part, has been determined by Swedish perceptions of the comparative strengths of Soviet and NATO forces in Europe. Swedish officials view their country's neutrality and nonalignment as part of the Nordic balance between Soviet forces on the Kola Peninsula and NATO forces to the West. The Swedes see Finland's neutrality and Norwegian and Danish NATO participation as important elements in that balance. For their own security reasons, they support international arms control and disarmament negotiations and efforts to reduce East-West tension.

Perceived Threats

The five-year defense review completed early last year reflected a more urgent need for force modernization and subsequent events in the northern flank reinforced this view. The possibility of progress in the Vienna talks suggested that Warsaw Pact forces presently stationed in central Europe would be relocated and could become a threat to the northern flank. A delay in reaching a SALT II agreement implied increased tension between Washington and Moscow.

Over the past year, the USSR has threatened the Nordic balance by exerting pressure on Finland and Norway to modify their military policies. The Soviet intent was to prevent or reduce NATO initiatives on Norwegian territory designed to counter the Soviet Kola buildup. In Finland, the Soviets probably hoped their efforts would lead to Finnish pressure on the Norwegians not to increase their NATO involvement. In both cases, Sweden strongly backed its neighbors in resisting Soviet pressure.

The Swedish Government periodically has lectured Moscow and Washington when it saw their actions as threats to the Nordic balance or as increasing the likelihood that nuclear arms would be deployed in the Nordic area. Although a major focus of Swedish foreign policy has been and will continue to be to work toward disarmament, Stockholm has not supported Finnish President Kekkonen's Nordic Nuclear Weapons Free Zone proposal, because it sees the proposal as preserving the present imbalance without reducing the probability of a nuclear threat in time of war.

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Arms Sales

Swedish political parties agree that Swedish neutrality requires an indigenous armaments industry that needs to be boosted by growing export sales. There is, however, no unanimity on how to reach such a goal. One route under consideration calls for restructuring the Swedish defense industry along the same lines as the government-sponsored restructuring of the country's civilian industry. This would allow Stockholm to concentrate on development of arms and military equipment requiring sophisticated technology, an area in which Sweden hopefully would be able to compete in the world market.

The Swedes have indicated that they may opt to produce weapons systems, such as missiles, while purchasing launching vehicles, such as aircraft, abroad. The minority Liberal government thus far has hedged the decision to end domestic fighter aircraft production by proposing to produce a trainer and postponing a follow-on to the Viggen fighter plane. It has also ordered a feasibility study on domestic missile production. The government, concerned about Sweden's future ability to compete in international arms sales, in its latest budget announced an increase in funds earmarked for research and development.

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